

6/9/77

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ attach.	From Brzezinski to The President (3 pp.) re: Meeting with Margaret Thatcher open, MR-NWC-11-072 11/30/2012	6/6/77	A
memo w/ attach.	From Lipschutz to The President (2 pp.) re: Donald Tucker/ enclosed in Hutcheson to Jordan and Lipshutz 6/9/77	6/9/77	C

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres.
Handwriting File 6/9/77 Box 30

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

Thursday - June 9, 1977

Mine safety Byrd
 Rivers & Harbors
 Mass X. +
 13 App bills
 Coal- Black lung
 EPA - France/Mex
 Renegotiation
 Min Wages
 H₂O Pollution [Sen]
 Energy [Mtg c Sen]
 Panama - other Treaties
 Voter regis - Public
 Soc Sec finance
 Host Cost Cont

7:15	Dr. Zbigniew Brzezinski - The Oval Office.
7:45	Mr. Frank Moore - The Oval Office.
8:00 (60 min.)	Congressional Leaders Breakfast. (Mr. Frank Mo First Floor Private Dining Room.
9:00 (60 min.)	Meeting with Congressional Group. (Mr. Frank Mo The State Dining Room.
10:15 (10 min.)	Greet 1977 Presidential Scholars. (Ms. Midge Costanza) - The Rose Garden.
10:30	Mr. Jody Powell - The Oval Office.
11:00 (20 min.)	Meeting with Secretary Brock Adams. (Mr. Jack The Oval Office.
12:00	Lunch with Senator Hubert H. Humphrey - Oval Of
1:00 (1 hr.)	Budget Review Meeting. (Mr. Bert Lance). The Cabinet Room.

THE PRESIDENT HAS SEEN.

4:30	Meeting with Vice President Walter F. Mondale, Secretary Cyrus Vance, Dr. Zbigniew Brzezinski Mr. Frank Moore, Mr. Stuart Eizenstat, Mr. Robert Lipshutz, and Mr. Hamilton Jordan. The Cabinet Room.
5:00 (15 min.)	Reception for the Executive Committee of the Democratic National Committee - The Rose Gard

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THE PRESIDENT'S SCHEDULE

Thursday - June 9, 1977

7:15 Dr. Zbigniew Brzezinski - The Oval Office.

7:45 Mr. Frank Moore - The Oval Office.

✓ 8:00 Congressional Leaders Breakfast. (Mr. Frank Moore).
(60 min.) First Floor Private Dining Room.

✓ 9:00 Meeting with Congressional Group. (Mr. Frank Moore).
(60 min.) The State Dining Room.

✓ 10:15 Greet 1977 Presidential Scholars. (Ms. Midge
(10 min.) Costanza) - The Rose Garden.

10:30 Mr. Jody Powell - The Oval Office.

✓ 11:00 Meeting with Secretary Brock Adams. (Mr. Jack Watson).
(20 min.) The Oval Office.

✓ 12:00 Lunch with Senator Hubert H. Humphrey - Oval Office.

✓ 1:00 Budget Review Meeting. (Mr. Bert Lance).
(1 hr.) The Cabinet Room.

✓ 5:00 Reception for the Executive Committee of the
(15 min.) Democratic National Committee - The Rose Garden.

THE WHITE HOUSE

WASHINGTON

June 9, 1977

Bert Lance
Stu Eizenstat
Frank Moore
Jack Watson

Re: Administration Position on Small
Business Administration Authorization
and Disaster Assistance Legislation

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 3, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: BERT LANCE
STU EIZENSTAT
LYNN DAFT

SUBJECT: Administration Position on Small
Business Administration Authorization
and Disaster Assistance Legislation

The Senate recently passed H.R. 692, the Small Business Administration (SBA) omnibus authorization bill for FY 1978, but with differences from the House passed bill. The House Select Committee on Small Business has scheduled hearings for June 9th and 13th to reconsider the reported bills. The Administrators of SBA and FDAA have both been called as witnesses and will be expected to present the Administration position.

There are two issues regarding this bill that merit your consideration. One is the authorization levels provided for existing SBA loan programs; the other concerns several proposed changes in the SBA and Farmers Home Administration (FmHA) disaster loan programs.

Authorization Levels

Both bills contain line items authorizing loan levels for both FY 1978 and FY 1979 that are substantially in excess of your FY 1978 budget request and your preliminary FY 1979 planning estimates. The Senate bill would authorize loans of \$5.9 billion in FY 1978 and the House bill \$5.7 billion, in comparison with your budget request of \$3.5 billion. If enacted, these authorizations would provide increased pressure for full funding which could add to FY 1978 outlays and would contribute to the difficulties of achieving a balanced budget in 1981. A comparison of the House and Senate recommendations and your FY 1978 budget is attached as Tab A.

SBA argues that higher authorization levels are needed, though they would prefer that Congress refrain from tying the authorizations to individual line items. They argue

that the demand for SBA loan funds now exceeds the supply and that the tax revenues generated by these loans exceeds their direct cost to the Federal Government.

Disaster Loan Programs

Following the recent floods in Appalachia, Senators Byrd and Randolph and Congressman Rahall introduced legislation to amend the terms of the SBA disaster loan program. A modification of their proposal is included as Title VIII of H.R. 692, as passed by the Senate.

You will recall that Governor Rockefeller appealed for your support for this legislation in a recent letter (Tab B). He emphasized the need for lower SBA interest rates, 3% across the board in the original bill. A copy of the response you drafted is also attached (Tab C). Since the proposal was substantially changed from its original form and because there were serious agency objections to the bill, this response has not been sent. Senator Byrd has taken a very active interest in this proposal and feels strongly about the need for liberalization of the terms.

We have several problems with the disaster loan provisions contained in the bill passed by the Senate:

- o They are very costly, with total costs (including life of loan costs for loans made in FY77 and FY78) of over \$200 million. Two factors in particular add to the cost: (1) a loan forgiveness feature (up to \$3,000 for house and personal loans) accounts for about \$50 million of the added cost and (2) a retroactive provision (to 7/1/75 for SBA and 7/1/76 for FmHa) accounts for about \$165 million (and includes both forgiveness and interest costs). ← NO
- o In addition to being costly, past experience with forgiveness provisions has demonstrated that they are difficult to administer and involve a high incidence of fraud.
- o The depth of interest subsidy (with rates charged of 1.5%, on average, for home and personal loans and 3% for business loans) is quite substantial and, in our view, excessive.
- o The choice of retroactive dates arbitrarily discriminates among past program beneficiaries. ← NO

- o Providing for the certification of need by State Governors invites expanded loan demand and certain conflict between Governors and the SBA Administrator in the approval of disaster loans.
- o On the basis of past experience, allowing economic injury loans to be made without a physical disaster declaration will invite abuse of the program because of increased loan demand and the difficulty of determining the extend of economic injury.

Options

Given the strong Congressional interest in changing the program and the personal involvement of Senator Byrd, it appears that leaving the SBA disaster loan program in its present form may not be a viable option.

A literal interpretation of the current SBA authorization seems to provide the Administrator with the authority to lower the rate of interest charged, as long as it does not go above 6 5/8%. However, the Administrator indicates there is nothing in the legislative history of the Act to indicate that Congress intended that he exercise such authority and he is therefore reluctant to do so. To date, the program has been administered as if the authority fixed the interest rate at 6 5/8%. If such authority is to be exercised administratively, we think it would be desirable to have an indication from Congress that it intended to grant such authority.

The remaining options and their additional budget costs for loans originated in FY76, the transition quarter, and FY77 are as follows:

<u>OPTIONS</u>	<u>SBA</u> <u>Program</u>	<u>FmHA</u> <u>Program</u>	<u>TOTAL</u>
	(dollars in millions)		
1) H.R. 692	159.0	49.2	208.2
2) H.R. 692 (without forgiveness)	113.6	49.2	162.8
3) H.R. 692 (no forgiveness nor retroactive features)1	27.6	29.1	56.7

<u>OPTIONS</u> (continued)	<u>SBA</u>	<u>FmHA</u>	<u>TOTAL</u>
	<u>Program</u>	<u>Program</u>	
	(dollars in millions)		
4) Home 3%, business 3% (no forgiveness nor retro-activity) ¹	23.2	29.1	52.3
5) Home 3%, business 5% (no forgiveness nor retro-activity) ¹	16.9		16.9
6) Home 5%, business 5% (no forgiveness nor retro-activity) ¹	10.7		10.7

¹Program level of \$100 million for SBA and \$325 million for FmHA is assumed. Though difficult to predict, the annual level for SBA will probably be higher than this in future years. SBA loan activity has ranged from \$1.5 billion in FY 1973 (Hurricane Agnes) to less than \$150 million in both FY 1975 and FY 1976.

Not all of the costs shown above would occur this fiscal year. In the case of H.R. 692, about \$90 million would accrue the first year with the remaining interest cost spread over the remaining life of the loans (an average of 10 years, 10 months for SBA and 7 years for FmHA). For those options with no forgiveness nor retroactive features, the cost is entirely interest and would be spread across the several years. Depending on the level of loan activity in the future, which is not independent of the conditions of the loan, additional costs will, of course, be encountered with each new year.

Decisions are required on the following features of the disaster loan program:

- (1) Loan forgiveness. As noted above, this is a costly feature that is difficult to administer and invites abuse. We recommend that you oppose its inclusion in the enacted bill. (Watson concurs)

DECISION

_____ ✓ Oppose
_____ Support

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- (2) Retroactive. The principal considerations in making the benefits retroactive are (a) the additional budget costs and (b) the difficulty of selecting an acceptable effective date. We recommend that you oppose making the benefits retroactive beyond April 1, 1977 (the effective date in the original bill). (Watson concurs)

DECISION

✓ Oppose
 Support

JC

- (3) Interest rate for personal and home loans. There are several choices here ranging from the variable 1% to 3% provided in H.R. 692 (as passed by the Senate) to leaving the rate at its current level of 6 5/8%. Given the mood of the Congress, the magnitude of need in Appalachia following the recent floods there, the relatively modest budget cost, and the substantial administrative burden associated with a variable interest rate, we recommend lowering the rate to 3%. SBA concurs in this recommendation.

DECISION

 6 5/8% (current rate)
 5%
✓ 3% (recommended by OMB, SBA, and Domestic Policy Staff)
 variable 1% to 3% (H.R. 692) (Watson)

JC

- (4) Interest rate for business loans. H.R. 692 would lower the SBA rate from 6 5/8% to 3% and the FmHA emergency loan rate from 5% to 3%. The latter rate is lowered to keep the programs consistent. In your proposal to the Congress regarding drought assistance, which is still pending, you recommended lowering the SBA interest rate to 5%. OMB and SBA recommend that you lower the rate for both SBA and FmHA to 3%, largely for reasons of administrative convenience. The Domestic Policy Staff recommends that you lower the SBA rate to 5% and leave the FmHA rate at its current 5%. Beyond the budget savings, in comparison with the 3% option, they believe individuals merit a deeper subsidy than do profit making businesses.

DECISION

 6 5/8% SBA: 5% FmHA (current rates)
✓ 5% SBA: 5% FmHA (Domestic Policy Staff) *JC*
 3% SBA; 3% FmHA (H.R. 692, OMB, SBA) (Watson)

- (5) Governor Certification of need. Although this authority does not require that loans be made as a result of Governor certification, it would clearly establish a demand for such loans. More importantly, this provision undermines Executive Branch discretion by separating the determination of eligibility from the responsibility for program execution. We recommend that you oppose this feature.

DECISION

✓ Oppose *JC*
 Support

- (6) SBA loan line item authorizations. Due to the significant increase in outlays, OMB does not agree with SBA that higher authorization levels for SBA loan programs are desirable and recommends that your FY 1978 budget request be supported when SBA appears before House Select Committee on Small Business next week.

DECISION

✓ Agree *with OMB* *J*
 Disagree

Attachment A

H.R. 692
Title I - Part B
Line Item Authorizations
(in millions)

FY 1978 AUTHORIZATION	HOUSE BILL		SENATE BILL		BUDGET REQUEST	
1. Regular Business Loans	Direct	400.0	Direct	150.0	Direct	135.0
	IP*	15.0	IP	15.0	IP	--
	Guarantee	<u>2500.0</u>	Guarantee	<u>3000.0</u>	Guarantee	<u>2000.0</u>
		2915.0		3165.0		2135.0
2. Handicapped Assistance Loans	Direct &		Direct &		Direct &	
	IP	20.0	IP	40.0	IP	10.0
	Guarantee	<u>20.0</u>	Guarantee	<u>20.0</u>	Guarantee	<u>10.0</u>
		40.0		60.0		20.0
3. Economic Opportunity Loans	Direct &		Direct &		Direct &	
	IP	60.0	IP	60.0	IP	55.0
	Guarantee	<u>81.0</u>	Guarantee	<u>81.0</u>	Guarantee	<u>50.0</u>
		141.0		141.0		105.0
4. Loans to State & Local Development Companies	Direct &		Direct &		Direct &	
	IP	40.0	IP	45.0	IP	45.0
	Guarantee	<u>20.0</u>	Guarantee	<u>41.0</u>	Guarantee	<u>41.0</u>
		60.0		86.0		86.0
5. Small Business Investment Company Financial Assistance	Direct	20.0	Direct	20.0	Direct	20.0
	Guarantee	<u>180.0</u>	Guarantee	<u>180.0</u>	Guarantee	<u>100.0</u>
		200.0		200.0		120.0
6. Surety Bond Guarantees		2000.0		2000.0		900.0
7. Displaced Business Loans					Direct	30.0
	Direct	300.0	Direct	100.0		
8. Nonphysical Disaster Loans and Guarantees	(7 & 8 combined)		Guarantee	100.0	Direct	80.0
			(7 & 8 combined)			

* Immediate Participation Loans



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

May 3, 1977

Dear Mr. President,

I am grateful for your personal concern about the southern West Virginia counties struck by a 500-year record flood last month.

However, one element of the relief thus far is very unfair: the Small Business Administration's interest rate is far too high, and I ask your personal intervention with Congress to support bills to lower the interest rate for people affected by this flood.

The current SBA rate is 6 5/8 per cent. That rate cannot be afforded by either homeowners or businesses, many of whom are wiped out, and have existing mortgages, other debts, and non-recoverable flood losses. We must reduce this rate if the area is to recover.

I strongly suggest reduction of the interest rate to 3 per cent for both housing and small businesses.

Congress currently has before it bills to reduce to 3 per cent the SBA rate, proposed by Senators Randolph and Byrd and Rep. Nick J. Rahall. This legislation also provides special assistance to persons who are elderly, disabled, and on fixed incomes.

Restoration of permanent housing and re-establishment of small businesses are critical to a return to stability in the flooded area.

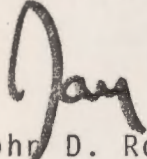
Page Two
May 3, 1977

State Government is making a maximum effort to provide assistance. I have called the Legislature into special session and asked for \$14.5 million in relief funds. This money, however, is designed to supplement, not to replace, federal programs.

The one absolutely necessary element to bring about recovery is the lowering of the SBA interest rate, because the present SBA regulations simply are not doing the job.

I appeal to you personally to support this reduction in the interest rates, and thank you again for your concern and assistance, as evidenced by the presence of many federal officials and today's visit by Secretary Harris and your son, Chip.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jay", written over the printed name.

John D. Rockefeller IV

The President
The White House
Washington, D. C. 20500



~~charged participants~~

4 6 Stn

Because of the serious damage
to homes and businesses in the
recent floods, low interest loans
from the Small Business Administration
are needed for this particular
emergency.

I strongly suggest reduction
of such interest rates to 3% and
understand that such legislation
to implement this reduction has
been proposed by members of Congress

(S.)

cc Sen Byrd, Randolph

cc Gov Rockefeller

WATSON COMMENT

THE WHITE HOUSE
WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson

June 8, 1977

RE:

Administration Position on Small Business
Administration Authorization and Disaster
Assistance Legislation

Walter Kallaur of my staff has been intensely involved in the development of policy on this issue, and I concur with him that this memorandum ably presents your options. I personally want to underscore the intense interest of Senator Byrd in reducing home interest rates to 1% and business interest rates to 3%. Byrd cares less about maintaining a "forgiveness feature."

Consistent with other concerns raised in the memorandum, my strong preference is for:

1. Oppose loan forgiveness;
2. Oppose retroactivity;
3. Variable 1% to 3% rate for personal and home loans;
4. 3% rate for business loans.

Once your decision is made, I suggest that you personally contact Senator Byrd.

THE WHITE HOUSE

WASHINGTON

Date: June 7, 1977

MEMORANDUM

FOR ACTION:

Frank Moore
Jack Watson - *attached*

FOR INFORMATION: The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Administration Position on Small Business Administration
Authorization and Disaster Assistance Legislation.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: IMMEDIATE TURNAROUND

DAY:

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE

WASHINGTON

June 3, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: BERT LANCE *Jim*
STU EIZENSTAT *Stu*
LYNN DAFT *L*

SUBJECT: Administration Position on Small
Business Administration Authorization
and Disaster Assistance Legislation

The Senate recently passed H.R. 692, the Small Business Administration (SBA) omnibus authorization bill for FY 1978, but with differences from the House passed bill. The House Select Committee on Small Business has scheduled hearings for June 9th and 13th to reconsider the reported bills. The Administrators of SBA and FDAA have both been called as witnesses and will be expected to present the Administration position.

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- o They are very costly, with total costs (including life of loan costs for loans made in FY77 and FY78) of over \$200 million. Two factors in particular add to the cost: (1) a loan forgiveness feature (up to \$3,000 for house and personal loans) accounts for about \$50 million of the added cost and (2) a retroactive provision (to 7/1/75 for SBA and 7/1/76 for FmHa) accounts for about \$165 million (and includes both forgiveness and interest costs).
- o In addition to being costly, past experience with forgiveness provisions has demonstrated that they are difficult to administer and involve a high incidence of fraud.
- o The depth of interest subsidy (with rates charged of 1.5%, on average, for home and personal loans and 3% for business loans) is quite substantial and, in our view, excessive.
- o The choice of retroactive dates arbitrarily discriminates among past program beneficiaries.

- o Providing for the certification of need by State Governors invites expanded loan demand and certain conflict between Governors and the SBA Administrator in the approval of disaster loans.
- o On the basis of past experience, allowing economic injury loans to be made without a physical disaster declaration will invite abuse of the program because of increased loan demand and the difficulty of determining the extend of economic injury.

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	(dollars in millions)		
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<u>OPTIONS</u> (continued)		<u>SBA</u> <u>Program</u>	<u>FmHA</u> <u>Program</u>	<u>TOTAL</u>
		(dollars in millions)		
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5)	Home 3%, business 5% (no forgiveness nor retro-activity) ¹	16.9		16.9
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¹Program level of \$100 million for SBA and \$325 million for FmHA is assumed. Though difficult to predict, the annual level for SBA will probably be higher than this in future years. SBA loan activity has ranged from \$1.5 billion in FY 1973 (Hurricane Agnes) to less than \$150 million in both FY 1975 and FY 1976.

Not all of the costs shown above would occur this fiscal year. In the case of H.R. 692, about \$90 million would accrue the first year with the remaining interest cost spread over the remaining life of the loans (an average of 10 years, 10 months for SBA and 7 years for FmHA). For those options with no forgiveness nor retroactive features, the cost is entirely interest and would be spread across the several years. Depending on the level of loan activity in the future, which is not independent of the conditions of the loan, additional costs will, of course, be encountered with each new year.

Decisions are required on the following features of the disaster loan program:

- (1) Loan forgiveness. As noted above, this is a costly feature that is difficult to administer and invites abuse. We recommend that you oppose its inclusion in the enacted bill.

DECISION

_____ Oppose
 _____ Support

- (2) Retroactive. The principal considerations in making the benefits retroactive are (a) the additional budget costs and (b) the difficulty of selecting an acceptable effective date. We recommend that you oppose making the benefits retroactive beyond April 1, 1977 (the effective date in the original bill).

DECISION

_____ Oppose
_____ Support

- (3) Interest rate for personal and home loans. There are several choices here ranging from the variable 1% to 3% provided in H.R. 692 (as passed by the Senate) to leaving the rate at its current level of 6 5/8%. Given the mood of the Congress, the magnitude of need in Appalachia following the recent floods there, the relatively modest budget cost, and the substantial administrative burden associated with a variable interest rate, we recommend lowering the rate to 3%. SBA concurs in this recommendation.

DECISION

_____ 6 5/8% (current rate)
_____ 5%
_____ 3% (recommended by OMB, SBA, and
Domestic Policy Staff)
_____ variable 1% to 3% (H.R. 692)

- (4) Interest rate for business loans. H.R. 692 would lower the SBA rate from 6 5/8% to 3% and the FmHA emergency loan rate from 5% to 3%. The latter rate is lowered to keep the programs consistent. In your proposal to the Congress regarding drought assistance, which is still pending, you recommended lowering the SBA interest rate to 5%. OMB and SBA recommend that you lower the rate for both SBA and FmHA to 3%, largely for reasons of administrative convenience. The Domestic Policy Staff recommends that you lower the SBA rate to 5% and leave the FmHA rate at its current 5%. Beyond the budget savings, in comparison with the 3% option, they believe individuals merit a deeper subsidy than do profit making businesses.

DECISION

_____ 6 5/8% SBA: 5% FmHA (current rates)

_____ 5% SBA: 5% FmHA (Domestic Policy Staff)

_____ 3% SBA; 3% FmHA (H.R. 692, OMB, SBA)

- (5) Governor Certification of need. Although this authority does not require that loans be made as a result of Governor certification, it would clearly establish a demand for such loans. More importantly, this provision undermines Executive Branch discretion by separating the determination of eligibility from the responsibility for program execution. We recommend that you oppose this feature.

DECISION

_____ Oppose

_____ Support

- (6) SBA loan line item authorizations. Due to the significant increase in outlays, OMB does not agree with SBA that higher authorization levels for SBA loan programs are desirable and recommends that your FY 1978 budget request be supported when SBA appears before House Select Committee on Small Business next week.

DECISION

_____ Agree

_____ Disagree

Attachment A

H.R. 692
 Title I - Part B
Line Item Authorizations
 (in millions)

FY 1978 AUTHORIZATION	HOUSE BILL		SENATE BILL		BUDGET REQUEST	
1. Regular Business Loans	Direct	400.0	Direct	150.0	Direct	135.0
	IP*	15.0	IP	15.0	IP	--
	Guarantee	2500.0	Guarantee	3000.0	Guarantee	2000.0
		<u>2915.0</u>		<u>3165.0</u>		<u>2135.0</u>
2. Handicapped Assistance Loans	Direct &		Direct &		Direct &	
	IP	20.0	IP	40.0	IP	10.0
	Guarantee	20.0	Guarantee	20.0	Guarantee	10.0
		<u>40.0</u>		<u>60.0</u>		<u>20.0</u>
3. Economic Opportunity Loans	Direct &		Direct &		Direct &	
	IP	60.0	IP	60.0	IP	55.0
	Guarantee	81.0	Guarantee	81.0	Guarantee	50.0
		<u>141.0</u>		<u>141.0</u>		<u>105.0</u>
4. Loans to State & Local Development Companies	Direct &		Direct &		Direct &	
	IP	40.0	IP	45.0	IP	45.0
	Guarantee	20.0	Guarantee	41.0	Guarantee	41.0
		<u>60.0</u>		<u>86.0</u>		<u>86.0</u>
5. Small Business Investment Company Financial Assistance	Direct	20.0	Direct	20.0	Direct	20.0
	Guarantee	180.0	Guarantee	180.0	Guarantee	100.0
		<u>200.0</u>		<u>200.0</u>		<u>120.0</u>
6. Surety Bond Guarantees		2000.0		2000.0		900.0
7. Displaced Business Loans					Direct	30.0
	Direct	300.0	Direct	100.0		
8. Nonphysical Disaster Loans and Guarantees	(7 & 8 combined)		Guarantee	100.0	Direct	80.0
			(7 & 8 combined)			

* Immediate Participation Loans



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

May 3, 1977

Dear Mr. President,

I am grateful for your personal concern about the southern West Virginia counties struck by a 500-year record flood last month.

However, one element of the relief thus far is very unfair: the Small Business Administration's interest rate is far too high, and I ask your personal intervention with Congress to support bills to lower the interest rate for people affected by this flood.

The current SBA rate is 6 5/8 per cent. That rate cannot be afforded by either homeowners or businesses, many of whom are wiped out, and have existing mortgages, other debts, and non-recoverable flood losses. We must reduce this rate if the area is to recover.

I strongly suggest reduction of the interest rate to 3 per cent for both housing and small businesses.

Congress currently has before it bills to reduce to 3 per cent the SBA rate, proposed by Senators Randolph and Byrd and Rep. Nick J. Rahall. This legislation also provides special assistance to persons who are elderly, disabled, and on fixed incomes.

Restoration of permanent housing and re-establishment of small businesses are critical to a return to stability in the flooded area.

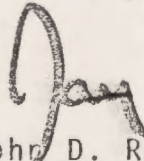
Page Two
May 3, 1977

State Government is making a maximum effort to provide assistance. I have called the Legislature into special session and asked for \$14.5 million in relief funds. This money, however, is designed to supplement, not to replace, federal programs.

The one absolutely necessary element to bring about recovery is the lowering of the SBA interest rate, because the present SBA regulations simply are not doing the job.

I appeal to you personally to support this reduction in the interest rates, and thank you again for your concern and assistance, as evidenced by the presence of many federal officials and today's visit by Secretary Harris and your son, Chip.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jay", written over the printed name.

John D. Rockefeller IV

The President
The White House
Washington, D. C. 20500

changed portfolio 4 5th

Because of the serious damage
to homes and businesses in the
recent floods, low interest loans
from the Small Business Administration
are needed for this particular
emergency.

I strongly suggest reduction
of such interest rates to 3% and
understand that such legislation
to implement this reduction has
been proposed by members of Congress.

(S.)

cc Sen Byrd, Landgrave

cc Gov Rockefeller

THE WHITE HOUSE

WASHINGTON

Date: May 20, 1977

MEMORANDUM

FOR ACTION:

The Vice President
Hamilton Jordan
Frank Moore
Jack Watson
Bob Lipshutz *concur*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Stu Eizenstat/Lynn Daft memo 5/19 re Legislative Changes in the Small Business Administration (SBA) Disaster Loan Program.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: MONDAY

DATE: MAY 23, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur.
Please note other comments below:

☐ No comment.

for file
new version
has been rec'd
Rick

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE
WASHINGTON

*Small House
Director's Office
Program*

ACTION	FYI
X	MONDALE
	COSTANZA
	EIZENSTAT
X	JORDAN
X	LIPSHUTZ
X	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE

WASHINGTON

May 19, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT
LYNN DAFT

Stu

SUBJECT: Legislative Changes in the Small
Business Administration (SBA)
Disaster Loan Program

Following the recent floods in Appalachia, Senators Byrd and Randolph and Congressman Rahall introduced legislation (S.1362 / H.R.6567) to amend the terms of the SBA disaster loan program.

The current program provides loans at 6 5/8% interest to businesses and homeowners who have suffered physical property loss in an area designated as eligible for disaster assistance. Loan forgiveness features have been periodically added to and deleted from this authority. In April 1973 a \$5,000 forgiveness feature was eliminated and has not been used since. There has been a substantial year-to-year variation in disaster loan activity, ranging from \$1.5 billion in FY 1973 (when loans were at 1% with a \$5,000 forgiveness feature) to less than \$150 million during FY 1975 and FY 1976.

The Senate Select Committee on Small Business began mark-up of S.1362 last week. As marked-up, the bill would provide:

- An interest rate of 1% to 3% for home and personal loans, depending on the amount of the loan (1% for the first \$5,000, 2% for the second \$5,000, and 3% for funds loaned above \$10,000; note: the average SBA disaster home loan is \$6,200);
- An interest rate of 5% for business loans;
- A loan forgiveness of \$1,000 to \$3,000 for all losses in excess of 10% of property value, with the amount of forgiveness determined by the relative magnitude of loss (10 to 20% of value - \$1,000 forgiveness, 20 to 30% - \$2,000, and above 30% - \$3,000).

We have not yet taken a position on the bill but are being pressed to do so. You will recall that Governor Rockefeller appealed for your support for this legislation in a recent letter (attached). He emphasized the need for lower SBA interest rates, with no mention of the forgiveness provision. A copy of the response you drafted (which hasn't been sent) is also attached.

Analysis

Interest Rate. As noted, an interest rate of $6 \frac{5}{8}\%$ is currently charged SBA disaster loans. Farmers Home Administration (FmHA) emergency loans are made to farm businesses at 5%. The SBA component of the Administration drought package, one of the two components of this package not yet approved, also provides for 5% loans. For each 1% reduction in the loan rate below the Treasury rate, we incur an interest cost of about \$6.5 million spread across the life of the loan (average 10 years, 10 months), per \$100 million of loans.

Loan Forgiveness. Loan forgiveness is very expensive with most of the cost concentrated in the year the loan is made. A \$5,000 forgiveness with 3% loans, assuming annual loan activity of \$100 million, for example, would cost about \$40 million the first year (compared to \$2 million without forgiveness). Also, SBA reports that past forgiveness provisions have resulted in a high incidence of fraud. There will be some interest within the Congress to make the benefits retroactive to an earlier date, particularly if a forgiveness feature is adopted.

Options

There are at least six major options:

- 1) No change in the program. Given the strong Congressional interest in change and the personal involvement of Senator Byrd, this is not a strong option.
- 2) S.1362 as marked-up. For every \$100 million in loans, this program would add an estimated \$13 million to budget cost in the year the loan is made (with another \$14 million spread over the remaining life of the loans).

If this program were made retroactive to April 1973, the first year cost would jump to almost \$500 million.

- 3) 1%/3% authority. Setting home and personal loan rates at 1% interest and business loans at 3% would essentially provide the same benefits offered by S.1362, but without the loan forgiveness provision. This would lower the budget cost to about \$3 million each year per \$100 million loaned. It is our understanding that Senator Byrd feels strongly about the desirability of lower interest rates and would be willing to sacrifice the forgiveness feature to achieve lower rates. We are also told that there is insufficient Congressional support for passage of a forgiveness feature.
- 4) 3%/3% authority. A flat 3% interest rate for all loans, with no loan forgiveness, would cost about \$2.1 million annually per \$100 million of loans. The principal disadvantages are: (1) it would introduce an inconsistency in the rates charged by SBA and FmHA which would lead to pressure to lower FmHA's rate and (2) it provides the same degree of subsidy to profit making activities as it does to individual and family needs. OMB prefers this option. SBA favors this option too, but only if the FmHA rate is lowered to 3%.
- 5) 3%/5% authority. A flat 3% interest rate for home and personal loans, 5% for business loans, and no forgiveness. For every \$100 million loaned, this approach would cost about \$1.5 million annually. This option offers individuals and homeowners a significant interest subsidy. Though the subsidy to business is less, we see no reason why it should not be less. And, a 5% rate for business is consistent with the rate charged under the FmHA emergency loan program. We believe this is the best option. If the FmHA rate remains at 5%, SBA favors this option too.
- 6) Administratively lower interest rates. SBA has recently determined that a strict legalistic interpretation of the authority for this program gives the Administrator discretion in setting interest rates, as long as they are not set in excess of 6 5/8%. Prior to this determination, it had been assumed that Congress intended that all loans under this program be made at 6 5/8%. There is nothing in the legislative history, according to SBA, that sheds further light on the intent of Congress.

Given the uncertainty over Congressional intent, and if the SBA Administrator lowered these rates it would affect several other SBA loan programs whose interest rates are established by the same wording, we think it would be unwise to exercise this authority.

Following your decision, we will prepare correspondence for you to send Senators Byrd and Randolph, Congressman Rahall, and Governor Rockefeller notifying them of your position.

Decision

- _____ Option 1 - No change
- _____ Option 2 - S.1362 as marked-up
- _____ Option 3 - 1%/3% authority
- _____ Option 4 - 3%/3% authority (OMB and, if FmHA rate lowered, SBA)
- _____ Option 5 - 3%/5% authority (Domestic Policy Staff and, if FmHA rate not lowered, SBA)
- _____ Option 6 - Administratively lower interest rates



STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

JOHN D. ROCKEFELLER IV
GOVERNOR

May 3, 1977

Dear Mr. President,

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However, one element of the relief thus far is very unfair: the Small Business Administration's interest rate is far too high, and I ask your personal intervention with Congress to support bills to lower the interest rate for people affected by this flood.

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OFFICE OF THE GOVERNOR

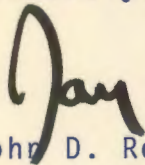
Page Two
May 3, 1977

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I appeal to you personally to support this reduction in the interest rates, and thank you again for your concern and assistance, as evidenced by the presence of many federal officials and today's visit by Secretary Harris and your son, Chip.

Sincerely,

A handwritten signature in dark ink, appearing to read "John", with a stylized, flowing script.

John D. Rockefeller IV

The President
The White House
Washington, D. C. 20500

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Z. Brzezinski
Mark Siegel

For your information the attached
letter was signed by the President
and sent to Mr. Rubin.

Rick Hutcheson

Re: Partners of the Americas

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Ken Curtis -

For your information, the
attached letter was sent to
Alan Rubin today.

Rick Hutcheson



THE WHITE HOUSE

WASHINGTON

June 9, 1977

To Alan Rubin

I appreciate your comments of May 17. Rosalynn and I have fond memories of our experiences as participants in the Partners of the Americas Program.

I believe that personal contact among our citizens is key to better relations between nations. You can be proud of the fine contributions the Program has made to our international community.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line.

Mr. Alan A. Rubin
President
Partners of the Americas
2001 S Street, N.W.
Washington, D.C. 20009



THE WHITE HOUSE

WASHINGTON

June 9, 1977

To Alan Rubin

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Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a large, sweeping "J" and "C".

Mr. Alan A. Rubin
President
Partners of the Americas
2001 S Street, N.W.
Washington, D.C. 20009

THE WHITE HOUSE
WASHINGTON

Jusson -

East Wing has seen,
and Thinks The Pres.,
not RSC, should
respond. NSC drafted
response -

RH
(PS - Ken Curtis forwarded
the letter.)

THE WHITE HOUSE

WASHINGTON

To Alan Rubin

Thank you for your letter of May 17. ~~My wife~~
and I ~~remember with enthusiasm the good~~
experiences ~~that we had~~ as participants in the
Partners of the Americas Program.

~~Events bring home to me every day the importance~~
~~of personal contacts as the critical underpinning~~
~~of relations between nations. The work your~~
~~participants are doing not only enriches their~~
~~lives and the lives of those with whom they come~~
~~in contact; it also contributes in an important~~
~~way to the success of our foreign policy.~~

~~I wish you all,~~ please give my warm greetings
to my fellow "partners" -- past, present, and
future.

Sincerely,

Jim
You can be proud of the contribution
of the Partners of the Americas
program to our international
community.

Mr. Alan A. Rubin
President
Partners of the Americas
2001 S Street, N.W.
Washington, D.C. 20009

THE WHITE HOUSE
WASHINGTON

*Mem
from 2 B*

Date: June 2, 1977

MEMORANDUM

FOR ACTION:

Greg Schneiders *nc*
The First Lady - *nc until 1st lady returns*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Ken Curtis memo 5/26/77 re
Partners of the Americas Program.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: FRIDAY

DATE: JUNE 3, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
X		COSTANZA	AGENCY REPORT
X		EIZENSTAT	CAB DECISION
X		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

DEMOCRATIC
NATIONAL COMMITTEE

1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

Kenneth M. Curtis
Chairman

May 26, 1977

MEMORANDUM

TO: President Carter
FROM: Ken Curtis
SUBJECT: Partners of the Americas Program

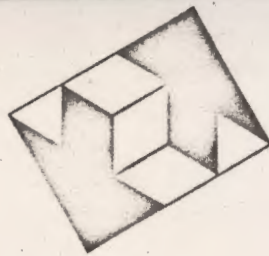
The attached letter from Alan A. Rubin, President of the Partners of the Americas, is forwarded with my support.

I have participated extensively in the program, and worked closely with Mr. Rubin.

I believe the program is worthy of Administrative support.

cc: Alan Rubin

PARTNERS
OF THE AMERICAS



2001 S Street, N. W., Washington, D. C. 20009

Telephone 202-332-7332 Cables: NAPAR Telex 64261

May 17, 1977

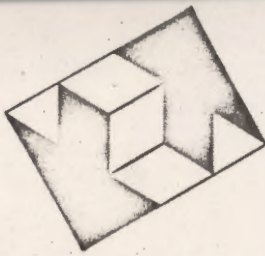
The Honorable Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

I heard with great interest your speech to the Organization of American States concerning inter-American relations. I noted in particular your remarks concerning emphasis on people-to-people programs, an increase in professional and scientific exchanges, and other ways of strengthening ties that already link the people of the United States and the people of Latin America.

On behalf of the thousands of private citizens who currently participate in the Partners of the Americas program, I would like to offer the framework of the Partners organization to help implement your objectives of bringing the peoples of the Americas closer together through such exchanges as you described in your speech. I recall yours and Mrs. Carter's participation in the Georgia-Pernambuco Partners of the Americas and its citizen exchange in 1972 and 1973. In addition to Georgia-Pernambuco, the Partners links 43 states in the United States with 20 nations in Latin America. Technicians who serve on a volunteer basis are conducting exchanges in the fields of agriculture and rural development, nutrition, medical and dental health, special education and rehabilitation, community education, sports, and the cultural arts.

The Partners estimate that in 1976 alone training opportunities were provided for more than 80,000 people throughout the hemisphere. In 1976, within the Partners framework, 3,500 volunteers participated in exchange programs and more than 936 projects were performed with a value of over \$12 million.



The Hon. Jimmy Carter
May 17, 1977
Page 2

As your Administration begins its dialogue with Governments in this hemisphere, I hope you will look to the Partners of the Americas as a viable people-to-people program which can help strengthen the existing ties between the United States and Latin America and the Caribbean.

Sincerely yours,

Alan A. Rubin
President

AAR/df

Date: May 31, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Z. Brzezinski

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Ken Curtis memo 5/26/77 re
Partners of the Americas Program

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON
DAY: THURSDAY
DATE: JUNE 2nd

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

Rick -
Doesn't Mrs. Carter already
have a similar program underway?
I suggest you state this thought
her office, and also to GREG -

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: June 2, 1977

MEMORANDUM

FOR ACTION:

Greg Schneiders ✓
The First Lady

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Ken Curtis memo 5/26/77 re
Partners of the Americas Program.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: FRIDAY

DATE: JUNE 3, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

☒ No comment.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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MEMORANDUM

FOR ACTION:

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Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

"Partners" is one of the three or four most successful international voluntary exchange organizations. Its work in Latin America has been most effective. The strengthening of such private international organizations is I believe consistent with your efforts to involve greater numbers of Americans with international concerns. There are numbers of private voluntary international organizations already existing and it would seem most efficient for us to identify the best ones and give them as much support as possible.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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DEMOCRATIC
NATIONAL COMMITTEE

1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

Kenneth M. Curtis
Chairman

May 26, 1977

MEMORANDUM

TO: President Carter
FROM: Ken Curtis
SUBJECT: Partners of the Americas Program

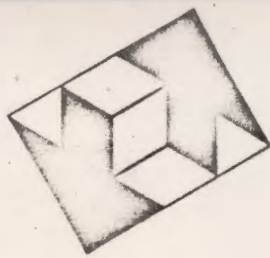
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I have participated extensively in the program, and worked closely with Mr. Rubin.

I believe the program is worthy of Administrative support.

cc: Alan Rubin

**PARTNERS
OF THE AMERICAS**



Honorary Chairman, The President of the United States

2001 S Street, N. W., Washington, D. C. 20009

Telephone 202-332-7332 Cables: NAPAR Telex 64261

May 17, 1977

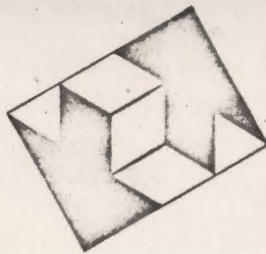
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May 17, 1977
Page 2

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President

AAR/df

THE WHITE HOUSE

WASHINGTON

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Ken Curtis memo 5/26/77 re
Partners of the Americas Program

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON
DAY: THURSDAY
DATE: JUNE 2nd

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (T-1) 7050

THE WHITE HOUSE
WASHINGTON

Madeline:

Since Mrs. Carter has been taking the lead on these types of programs, suggest that her office respond to Rubin, and acknowledge the transmittal from Ken Curtis.

Thanks,

Rick

Here it is, as we discussed

[Signature]

DEMOCRATIC

NATIONAL COMMITTEE 1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

Kenneth M. Curtis
Chairman

May 26, 1977

MEMORANDUM

TO: President Carter
FROM: Ken Curtis
SUBJECT: Partners of the Americas Program

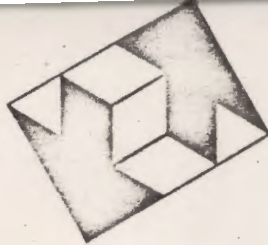
The attached letter from Alan A. Rubin, President of the Partners of the Americas, is forwarded with my support.

I have participated extensively in the program, and worked closely with Mr. Rubin.

I believe the program is worthy of Administrative support.

cc: Alan Rubin

PARTNERS
OF THE AMERICAS



2001 S Street, N. W., Washington, D. C. 20009

Telephone 202-332-7332 Cables: NAPAR Telex 64261

May 17, 1977

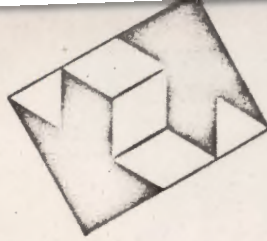
The Honorable Jimmy Carter
The White House
Washington, D. C.

Dear Mr. President:

I heard with great interest your speech to the Organization of American States concerning inter-American relations. I noted in particular your remarks concerning emphasis on people-to-people programs, an increase in professional and scientific exchanges, and other ways of strengthening ties that already link the people of the United States and the people of Latin America.

On behalf of the thousands of private citizens who currently participate in the Partners of the Americas program, I would like to offer the framework of the Partners organization to help implement your objectives of bringing the peoples of the Americas closer together through such exchanges as you described in your speech. I recall yours and Mrs. Carter's participation in the Georgia-Pernambuco Partners of the Americas and its citizen exchange in 1972 and 1973. In addition to Georgia-Pernambuco, the Partners links 43 states in the United States with 20 nations in Latin America. Technicians who serve on a volunteer basis are conducting exchanges in the fields of agriculture and rural development, nutrition, medical and dental health, special education and rehabilitation, community education, sports, and the cultural arts.

The Partners estimate that in 1976 alone training opportunities were provided for more than 80,000 people throughout the hemisphere. In 1976, within the Partners framework, 3,500 volunteers participated in exchange programs and more than 936 projects were performed with a value of over \$12 million.



The Hon. Jimmy Carter
May 17, 1977
Page 2

As your Administration begins its dialogue with Governments in this hemisphere, I hope you will look to the Partners of the Americas as a viable people-to-people program which can help strengthen the existing ties between the United States and Latin America and the Caribbean.

Sincerely yours,

Alan A. Rubin
President

AAR/df

THE WHITE HOUSE

WASHINGTON

To Alan Rubin

Thank you for your letter of May 17. My wife and I remember with enthusiasm the good experiences that we had as participants in the Partners of the Americas program. ~~I am honored by my "promotion" to Honorary Chairman.~~

Events bring home to me every day the importance of personal contacts as the critical underpinning of relations between nations. The work your participants are doing not only enriches their lives and the lives of those with whom they come in contact; it also contributes in an important way to the success of our foreign policy.

I wish you well; please give my warm greetings to my fellow "partners" -- past, present, and future.

Sincerely,

Mr. Alan A. Rubin
President
Partners of the Americas
2001 S Street, N. W.
Washington, D. C. 20009

Date: June 2, 1977

MEMORANDUM

FOR ACTION:

Greg Schneiders
The First Lady ✓

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Ken Curtis memo 5/26/77 re
Partners of the Americas Program.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 11:00 A.M.

DAY: FRIDAY

DATE: JUNE 3, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

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MEMORANDUM

NATIONAL SECURITY COUNCIL

June 7, 1977

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *CD*

SUBJECT: Letter to President from Alan Rubin,
President, Partners of the Americas

In response to your request for comments on the letter and memorandum at Tab B, Mr. Eizenstat's office requested that we prepare a draft reply to Mr. Rubin, which is attached at Tab A.



Date: May 31, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Z. Brzezinski

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Ken Curtis memo 5/26/77 re
Partners of the Americas Program

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: THURSDAY

DATE: JUNE 2nd

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.☐ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Electrostatic Copy Made
for Preservation Purposes

8⁰⁰ AM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 8, 1977

DEMOCRATIC LEADERSHIP BREAKFAST

Thursday, June 9, 1977

8:00 a.m.

Family Dining Room

From: Frank Moore *FM*

I. PARTICIPANTS

See Attached List

II. PRESS PLAN

White House Photo only

III. TOPICS FOR DISCUSSION

1. Energy -- The critical vote on deregulation in Dingell's Energy and Power Subcommittee will occur on Thursday, June 9. Marty Russo is key to our defeat of the Krueger amendment. If Russo votes with us, we will get a 10-10 vote and a defeat of this amendment. Russo has come from being strongly against us to leaning with us. You should talk with Dan Rostenkowski and urge him to talk with Russo before the Subcommittee vote and urge him to vote with you.
2. Clean Air -- The key vote on auto emissions will come in the Senate on Thursday, June 9. It appears that Senator Muskie will throw his support behind the Baker amendment and that we will quietly support that amendment. You should let Senator Byrd know that you support the Baker figures.
3. Foreign Military and economic assistance -- Let the leadership know of your appreciation of their efforts thus far on the security assistance bill.

Let them know that you continue to believe that the Humphrey bill on human rights is the best and most consistent with your own aggressive approach to this issue. Urge no amending of the language.

Mention that you have heard but do not know for sure that an attempt may be made to amend the International Financial Institutions bill to prohibit aid to Vietnam. This is inconsistent with the thrust of your policy in regards to

isolating the Soviet Union. At the present time, the Soviet Union is the only influence in Vietnam. Urge the leadership to discourage floor debate on Vietnam at this time.

Stress the importance of meeting the authorized funding levels for foreign assistance. Unfortunately, the foreign assistance funding will come to the floor after a string of domestic funding issues on which you have been urging cuts to stay in line with your budget. There could be a back-lash effect when foreign assistance is taken up. You should warn the leadership of this possible problem and urge them to help in maintaining full funding.

4. Appropriations -- Public Works and Labor/HEW will be taken up next week. Ask for their help when they can give it. Your people will be up on the Hill working to hold the line on your budget.

PARTICIPANTS

The President

The Vice President

Robert C. Byrd

Alan Cranston

Daniel Inouye

Hubert Humphrey

~~James Eastland~~

Thomas P. O'Neill, Jr.

Thomas S. Foley

Jim Wright

John Brademas

Dan Rostenkowski

Shirley Chisholm

Frank Moore

Stu Eizenstat

Dan Tate

Bill Cable

Bill Smith

5 PM

MEMORANDUM

~~THE PRESIDENT WAS TOWN~~

THE WHITE HOUSE

WASHINGTON

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM FOR THE PRESIDENT
VIA RICK HUTCHESON

FROM: GRETCHEN POSTON *GP*

DATE: 6 June 1977

SUBJECT: RECEPTION - June 9, 1977
Democratic National Committee, Executive Committee

SCENARIO

5:00 P.M. Guests arrive Southwest Gate and proceed to Rose Garden.

The PRESIDENT arrives Rose Garden.

Remarks by the President. (A standing
mike will be at the foot of the steps
at the west end of the Garden.)

5:15 P.M. The PRESIDENT departs Rose Garden.

The VICE PRESIDENT arrives Rose Garden.

Remarks by the Vice President.

Following remarks, the Vice President will
'mix-and-mingle' with the guests.

5:45 P.M. The VICE PRESIDENT departs Rose Garden.

6:00 P.M. All guests depart via Southwest Gate.

Copy provided for the Vice President.

FALLOWS TALKING POINTS

THE WHITE HOUSE

WASHINGTON

June 8, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JK*
SUBJECT: DNC Executive Committee, June 9

Jerry Doolittle has prepared the following suggested topics for your meeting with the DNC Executive Committee, June 9:

1. Plans are for you to greet the group very briefly, and then mingle. The 40 or so executive committee members are going directly from the Rose Garden to a working dinner at the Capitol Hilton--the beginning of meetings running through Friday on the 1978 mid-term conference.
2. The national party has too often been neglected by the White House. You mean to see that this won't be the case during your administration. Your own experience as 1974 campaign committee chairman convinced you of the party's value. The DNC's role in the last election--particularly in getting out the vote--strengthened that conviction.
3. Will Rogers once said he didn't belong to any organized political party--he was a Democrat. This may have been true once, but hasn't been for some time. You're confident that the fine organization left behind by Bob Strauss will become even finer under Ken Curtis.

5:00 p.m.

**Electrostatic Copy Made
for Preservation Purposes**

June 9th, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *HJ.*

SUBJECT: BRIEFING POINTS FOR DNC RECEPTION
5:00 - BLUE ROOM

The Executive Committee, composed of 32 members, is in town for a 2 day meeting on the 1978 Mid-Term Conference. There will be a working dinner immediately after the White House reception, and a full day working session tomorrow.

The Executive Committee is composed of Ken Curtis, Carmela Lacaya, Coleman Young, Jess Hay, Joel McCleary, Dorothy Bush, Ann Cambell of New Jersey, Joe Crangel of New York, Nancy Chandler of Maine, Bob Washington of D.C., Ruth Charity of Virginia, Hazel Evans of Florida, Charles Ward of Arkansas, Hank Braden of Louisiana, Jack Toughy of Illinois, Libby Maynard of Michigan, Paul Tipps of Ohio, Dagmar Vidal of Iowa, Bruce Lee of California, Chuck Mannatt of California, Didi Carson of Nevada, Mariko Miller of Wyoming, Don Fowler of South Carolina, Dwayne Holman of Texas, Mayor Henry Meier, Congressman Tom Foley, Senator Robert Byrd, Governor Pat Lucey, Red Smith of the Machinists, Pat Cunningham of New York, Polly Baca of Colorado, and Jeanette Macdonald of Kentucky.

The Charter and the 1976 Democratic National Convention mandated that we shall have a Conference, but left all details of the Conference up to the National Committee. This week's meeting will review the issues with respect to the size, composition, manner of delegate selection, scope and responsibilities, timing and location. Actual votes, according to Curtis' plan, will take place on, at least, the size and composition and timing of the Conference.

You should welcome the Committee to the White House and make reference to the substance of their task. Reflect on how difficult it often is to satisfy competing constituency demands. Urge compromise and moderation. Thank them for their dedication and hard work.

The Vice President will be joining you at the reception, as will most of the Senior staff.

P.S. *You should restate your personal preference for:*

- A) A small conference (no bigger than 1500)*
- B) An inexpensive conference (1974 Charter Conference cost \$750,000 - money that could have gone to campaigns)*
- C) A positive conference*

9:00 AM

THE WHITE HOUSE

WASHINGTON

June 8, 1977

MEETING WITH THE DEMOCRATIC MEMBERS OF THE ARKANSAS, ILLINOIS,
MISSOURI, KENTUCKY, TEXAS, AND OKLAHOMA CONGRESSIONAL DELEGATIONS

Thursday, June 9, 1977

9:00 a.m. (60 minutes)

The State Dining Room

From: Frank Moore *JFM*

I. PURPOSE

To meet with another regional group of Representatives.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: This is the fifth in a series of regional meetings. Texas: Last week the announcement of the disapproval of selling A-7 Aircraft to Pakistan was very poorly handled. The A-7 is built by LTV in Dallas/Fort Worth. Approval would have meant 6 to 7,000 jobs over a two year period. Congressional Liaison staff had been talking with the Defense Department and the National Security Council about the timing of the release when an official at the State Department made the announcement. White House Congressional Liaison is therefore in bad standing with most of the Texas Delegation over the lack of coordination of the announcement. Oklahoma: You can expect vigorous complaints over the appointments to the Farmers' Home Administration, Agriculture Stabilization and Conservation Service and U.S. Attorneys. It is principally a disagreement between J.C. Kennedy, Chris Delaport, and Governor Boren, who want to appoint Carter people and the Congressional Delegation who want to appoint fringes of the old David Hall regime. Frank Moore has scheduled a meeting later this week with Mike Egan to discuss the matter. Arkansas: The Democratic Members of the Delegation are jockeying for position to run for the Senate. Kentucky: There have been severe political problems with distribution of HUD funds in Kentucky. During the last few Nixon years, one of the seven congressional districts received 65% of the state's allocation for HUD grants. The Democrats, especially Perkins and Breckinridge, feel they should get special treatment; Secretary Harris has not been overly cooperative, however.

Participants: The President, Members of Congress on attached list Frank Moore (and his staff) and Diane Elliott (Congressional Relations, Community Services Administration).

Press Plan: Brief national press coverage at the beginning of the meeting.

III. TALKING POINTS

1. Universal Voter Registration is a top priority. The Vice President is working closely with Rep. Thompson and the Leadership. Urge their support.
2. These Members generally support de-regulation of oil and gas. They will need to hear you re-emphasize the urgency of solving our energy problems and the importance of a comprehensive energy program.

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Bob Eckhardt (D-Texas 8)	40% white collar; 47% blue collar 19% black, 10% Spanish Major city: Galveston	1966	60.7	#12, Interior and Insular Affairs #9, Interstate and Foreign Commerce (Chrmn-Consumer Protection and Finance Subcommittee)
Jack Brooks (D-Texas 9)	45% white collar; 40% blue collar 22% black, 7% Spanish Major city: Port Arthur	1952	100	Chairman-Gov't. Operations #2, Judiciary
J.J. Pickle (D-Texas 10)	53% white collar; 26% blue collar 14% black, 14% Spanish Major city: Austin	1963	76.8	#10, Ways and Means
W. R. Poage (D-Texas 11)	44% white collar; 33% blue collar 12% black, 9% Spanish Major city: Waco	1936	57.4	#2, Agriculture (Chrmn-Livestock and Grains Subcommittee)
Jim Wright (D-Texas 12)	47% white collar; 39% blue collar 16% black, 7% Spanish Major city: Fort Worth	1954	75.8	Majority Leader of House #2, Budget
Jack Hightower (D-Texas 13)	46% white collar; 32% blue collar 5% black, 6% Spanish Major city: Amarillo	1974	59.3	#17, Agriculture #24, Government Operations
John Young (D-Texas 14)	44% white collar; 36% blue collar 7% black, 37% Spanish Major city: Corpus Christi	1956	61.4	#4, Rules
E. de la Garza (D-Texas 15)	40% white collar; 34% blue collar 75% Spanish Major city: Brownsville	1964	74.4	#3, Agriculture (Chrmn-Department Investi- gations, Oversight, and Research Subcommittee) #9, Merchant Marine and Fisheries
Richard White (D-Texas 16)	49% white collar; 36% blue collar 3% black, 50% Spanish Major city: El Paso	1964	57.8	#8, Armed Services (Chrmn-Military Personnel Subcommittee) #5, Post Office & Civil Service

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Frank Annunzio (D-Ill 11)	53% white collar; 37% blue collar 2% Spanish, Foreign stock 47% Major city: Chicago	1964	67.4	#7, Banking, Finance and Urban Affairs (Chrmn-Consumer Affairs Subcommittee) #6, House Administration (Chrmn-Personnel & Police Subcommittee)
George Shipley (D-Ill 22)	37% white collar; 40% blue collar 1% black Major city: Olney	1958	61.4	#8, Appropriations (Chrmn-Legislative Subcom)
Melvin Price (D-Ill 23)	45% white collar; 41% blue collar 15% black Major cities: East St. Louis, Belleville	1944	78.6	Chairman-Armed Services
Paul Simon (D-Ill 24)	38% white collar; 40% blue collar 4% black Major city: Carbondale	1974	67.4	#14, Budget (Chrmn-Tax Expenditures, Gov't. Organization, and Regulation Task Force) #14, Education and Labor
Sam B. Hall, Jr. (D-Texas 1)	37% white collar; 44% blue collar 22% black Major city: Texarkana	1976	83.7	#16, Judiciary #17, Veterans Affairs
Charles Wilson (D-Texas 2)	38% white collar; 44% blue collar 20% black, 3% Spanish Major city: Orange	1972	95	#34, Appropriations
Ray Roberts (D-Texas 4)	44% white collar; 38% blue collar 15% black, 3% Spanish Major city: Denton	1962	62.7	Chairman-Veterans Affairs #2, Public Works and Trans. (Chrmn-Water Resources Subcommittee)
Jim Mattox (D-Texas 5)	48% white collar; 38% blue collar 20% black, 7% Spanish Major city: Dallas	1976	54	#29, Banking, Finance and Urban Affairs #17, Budget
Olin Teague (D-Texas 6)	53% white collar; 32% blue collar 10% black, 5% Spanish Major city: Dallas	1946	65.9	Chairman-Science & Technology #2, Standards of Official Cond. #2, Veterans Affairs (Chrmn-Education & Training Subcommittee)

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Harold Volkmer (D-MO 9)-	45% white collar; 36% blue collar 3% black Major city: St. Charles	1976	55.9	#18, Judiciary
Bill Burlison (D-MO 10)	36% white collar; 44% blue collar 5% black Major city: Cape Girardeau	1968	72.1	#25, Appropriations
Ralph Metcalfe (D-Ill 1)	46% white collar; 35% blue collar 89% black Major city: Chicago	1970	92.3	#12, Interstate and Foreign Commerce
Morgan Murphy (D-Ill 2)	48% white collar; 39% blue collar 40% black, 5% Spanish Major city: Chicago	1970	84.7	#6, Rules
Marty Russo (D-Ill 3)	53% white collar; 37% blue collar 5% black, 2% Spanish Major city: Chicago	1974	58.9	#23, Interstate and Foreign Commerce #14, Small Business
John Fary (D-Ill 5)	40% white collar; 47% blue collar 31% black, 6% Spanish Major city: Chicago	1975	76.9	#18, Public Works and Transportation
Cardiss Collins (D-Ill 7)	35% white collar; 49% blue collar 55% black, 17% Spanish Major city: Chicago	1973	84.8	#11, Government Operations (Chrmn-Manpower and Housing Subcommittee) #14, International Relations
Dan Rostenkowski (D-Ill 8)	39% white collar; 49% blue collar 18% black, 13% Spanish Major city: Chicago	1958	80.5	#3, Ways and Means (Chrmn-Health Subcommittee)
Sidney Yates (D-Ill 9)	64% white collar; 25% blue collar 5% black, 9% Spanish Major city: Chicago	1964	72.1	#17, Appropriations (Chrmn-Interior Subcom)
Abner Mikva (D-Ill 10)	74% white collar; 18% blue collar 3% black, 1% Spanish Major city: Evanston (Chicago)	1974	50	#16, Ways and Means

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Ted Risenhoover (D-Okla-2)	41% white collar; 39% blue collar 6% black; 8% Indian Major city: Muskogee	1974	54	#19, Interior & Insular Affairs #19, Public Works and Transportation
Wes Watkins (D-Okla 3)	39% white collar; 40% blue collar 6% black; 5% Indian Major city: Ardmore	1976	82	#32, Banking, Finance and Urban Affairs #26, Science & Technology
Tom Steed (D-Okla 4)	49% white collar; 32% blue collar 6% black; 3% Indian; 3% Spanish Major cities: Norman, Shawnee	1948	74.9	#7, Appropriations (Chmn-Treasury, Postal Service, General Gov't) #2, Small Business
Glenn English (D-Okla 6)	45% white collar; 29% blue collar 2% black; 2% Indian; 1% Spanish Major cities: Enid, Stillwater	1974	71.1	#20, Agriculture #17, Government Operations
William Clay (D-MO 1)	46% white collar; 33% blue collar 54% black; 2% German Major city: St. Louis	1968	65.6	#9, Education and Labor #7, Post Office & Civil Service (Chmn-Civil Service Subc)
Robert A. Young (D-MO 2)	63% white collar; 28% blue collar 4% black Major city: St. Louis	1976	51.1	#22, Public Works and Transportation
Richard Gephardt (D-MO 3)	52% white collar; 36% blue collar 6% black, 1% Spanish; 4% German Major city: St. Louis	1976	63.7	#23, Ways and Means
Ike Skelton (D-MO 4)	42% white collar; 38% blue collar 2% black Major city: Independence (Kansas City)	1976	55.9	#25, Agriculture
Richard Bolling (D-MO 5)	53% white collar; 32% blue collar 24% black; 3% Spanish Major city: Kansas City	1948	68	#2, Rules
Richard Ichord (D-MO 8)	46% white collar; 37% blue collar 3% black Major city: Jefferson City	1960	67.3	#4, Armed Services (Chmn-Research & Devel) #18, Small Business

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Bill Alexander (D-Ark 1)	34% white collar; 40% blue collar 23% black Major cities: Jonesboro, W. Memphis	1968	68.9	#26, Appropriations
Jim Guy Tucker, Jr. (D-Ark 2)	46% white collar; 37% blue collar 16% black Major city: Little Rock	1976	86.4	#24, Ways and Means
Ray Thornton (D-Ark 4)	36% white collar; 44% blue Collar 31% black Major cities: El Dorado, Pine Bluff	1972	unopposed	#23, Agriculture #8, Science & Technology (Chrmn-Science, Research & Technology Subcommittee)
Carroll Hubbard, Jr. (D-Kentucky 1)	33% white collar; 46% blue collar 9% black Major city: Paducah	1974	82	#14, Banking, Finance and Urban Affairs #18, Merchant Marine and Fisheries
William H. Natcher (D-Kentucky 2)	35% white collar; 42% blue collar 6% black Major city: Bowling Green	1953	60.4	#5, Appropriations (Chrmn-DC Subcommittee)
Romano Mazzoli (D-Kentucky 3)	44% white collar; 44 blue collar 20% black Major city: Louisville	1970	57.2	#5, District of Columbia (Chrmn-Judiciary Subcom) #14, Judiciary
John Breckinridge (D-Kentucky 6)	46% white collar; 34% blue collar 9% black Major cities: Frankfort, Lexington	1972	94	#10, Agriculture #10, Small Business (Chrmn-Antitrust Subcom)
Carl Perkins (D-Kentucky 7)	34% white collar; 47% blue collar 1% black Major city: Ashland	1948	73.2	Chairman-Education and Labor
James R. Jones (D-Okla 1)	55% white collar; 31% blue collar 9% black; 3% Indian; 1% Spanish Major city: Tulsa	1972	54	#14, Ways and Means

<u>MEMBER</u>	<u>DISTRICT DATA</u>	<u>WHEN ELECTED</u>	<u>1976%</u>	<u>COMMITTEE ASSIGNMENT</u>
Omar Burleson (D-Texas 17)	40% white collar; 34% blue collar 4% black, 9% Spanish Major city: Abilene	1946	100	#6, Budget #5, Ways and Means
Barbara Jordan (D-Texas 18)	40% white collar; 40% blue collar 44% black, 19% Spanish Major city: Houston	1972	85.5	#16, Government Operations #12, Judiciary
George Mahon (D-Texas 19)	47% white collar; 29% blue collar 6% black, 19% Spanish Major city: Lubbock	1934	54.6	Chairman-Appropriations
Henry Gonzalez (D-Texas 20)	42% white collar; 40% blue collar 11% black, 60% Spanish Major city: San Antonio	1961	100	#5, Banking, Finance and Urban Affairs (Chrmn-International Dev. Institutions and Finance Subcommittee) #8, Small Business
Robert Krueger (D-Texas 21)	57% white collar; 26% blue collar 2% black, 24% Spanish Major city: San Angelo	1974	71	#16, Interstate and Foreign Commerce #14, Science and Technology
Bob Gammage (D-Texas 22)	54% white collar; 34% blue collar 13% black, 10% Spanish Major city: Houston	1976	50.1	#27, Interstate and Foreign Commerce #23, Science and Technology
Abraham Kazen, Jr. (D-Texas 23)	43% white collar; 35% blue collar 3% black, 49% Spanish Major city: Laredo	1966	100	#19, Armed Services #5, Interior and Insular Affairs (Chrmn-Mines and Mining Subcommittee)
Dale Milford (D-Texas 24)	48% white collar; 38% blue collar 26% black, 7% Spanish Major city: Dallas	1972	63.4	#10, Public Works and Transportation #7, Science and Technology (Chrmn-Transportation, Aviation and Weather Sub- Committee)

12 Noon

THE WHITE HOUSE

WASHINGTON

June 8, 1977

LUNCH WITH SENATOR HUBERT HUMPHREY

Thursday, June 9, 1977
12:00 Noon (45 minutes)
Oval Office

From: Frank Moore *F.M.*

I. PURPOSE

To discuss Middle Eastern policy.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: This luncheon meeting was set up at the suggestion of Dr. Brzezinski to cover the various aspects of the problem.

B. Participants: The President
Senator Hubert H. Humphrey

C. Press Plan: White House Photo only.

III. TALKING POINTS

None necessary as per Dr. Brzezinski.

**Electrostatic Copy Made
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THE WHITE HOUSE

WASHINGTON

June 8, 1977

DEMOCRATIC LEADERSHIP BREAKFAST

Thursday, June 9, 1977

8:00 a.m.

Family Dining Room

From: Frank Moore *FM*

I. PARTICIPANTS

See Attached List

II. PRESS PLAN

White House Photo only

III. TOPICS FOR DISCUSSION

1. Energy -- The critical vote on deregulation in Dingell's Energy and Power Subcommittee will occur on Thursday, June 9. Marty Russo is key to our defeat of the Krueger amendment. If Russo votes with us, we will get a 10-10 vote and a defeat of this amendment. Russo has come from being strongly against us to leaning with us. You should talk with Dan Rostenkowski and urge him to talk with Russo before the Subcommittee vote and urge him to vote with you.

2. Clean Air -- The key vote on auto emissions will come in the Senate on Thursday, June 9. It appears that Senator Muskie will throw his support behind the Baker amendment and that we will quietly support that amendment. You should let Senator Byrd know that you support the Baker figures.

3. Foreign Military and economic assistance -- Let the leadership know of your appreciation of their efforts thus far on the security assistance bill.

Let them know that you continue to believe that the Humphrey bill on human rights is the best and most consistent with your own aggressive approach to this issue. Urge no amending of the language.

Mention that you have heard but do not know for sure that an attempt may be made to amend the International Financial Institutions bill to prohibit aid to Vietnam. This is inconsistent with the thrust of your policy in regards to

isolating the Soviet Union. At the present time, the Soviet Union is the only influence in Vietnam. Urge the leadership to discourage floor debate on Vietnam at this time.

Stress the importance of meeting the authorized funding levels for foreign assistance. Unfortunately, the foreign assistance funding will come to the floor after a string of domestic funding issues on which you have been urging cuts to stay in line with your budget. There could be a back-lash effect when foreign assistance is taken up. You should warn the leadership of this possible problem and urge them to help in maintaining full funding.

4. Appropriations -- Public Works and Labor/HEW will be taken up next week. Ask for their help when they can give it. Your people will be up on the Hill working to hold the line on your budget.

THE WHITE HOUSE
WASHINGTON

JUNE 9, 1977
3:25 P.M. THURSDAY

MR. PRESIDENT

SECRETARY MARSHALL CALLED.
HE WILL BE LEAVING THE
OFFICE AT 4:30 P.M. for
OUT OF TOWN TRIP.

*Migrant
enjoin
INS can certify*

T.K.

C

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Frank Moore
Stu Eizenstat
Bob Lipshutz
Joe Aragon

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

Re: Migrant Workers in Texas

THE WHITE HOUSE
WASHINGTON

*Push to
Frank Moore*

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
X	LIPSHUTZ
X	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

X	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 9, 1977

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*Growers promise
housing next year ===
done
C
✓*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F. M.*

At this morning's congressional regional meeting, you told Congressman Richard White (Texas) that you would telephone Secretary Marshall and Attorney General Bell this afternoon concerning the problem with migrant workers in Presidio, Texas.

My office
I have talked with Mike Kelly in the Attorney General's office and learned this additional information:

1. The Attorney General is aware of the situation.
2. Castillo had attempted to expedite authorizing the workers. He had one of his people go to Presidio and also had people there to assist the workers in filling out the necessary forms.
3. The Department of Labor is holding firm that they cannot be granted H-2 visas. The regulations stipulate that when an employer cannot provide housing for migrant workers, H-2 visas cannot be granted to Mexican workers who in fact are able to cross the border and return to their own homes each evening. The lack of employee housing constitutes discrimination against American citizens who could take those jobs if housing were available for them.

I believe that a call from you to Secretary Marshall will be necessary in order to alleviate this situation. I recommend that the H-2 visas be granted as a special exception, that the employer must pay minimum wage, that the employer be aware that this is a special exception and that they will not be able to continue the practice in the future.

I will report back to Congressman White as soon as I hear from you.

11:00
THE PRESIDENT HAS SEEN,

THE WHITE HOUSE

WASHINGTON

June 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

June 9, 11 a. m. Deregulation
Meeting with Secretary Brock Adams

Although Chairman O'Neal has begun some reforms, legislation will be necessary to produce significant reform of ICC trucking regulation. A recent grand jury investigation of allegations of ICC corruption at the staff level will make his work more difficult, and will increase public pressure for major legislative action.

Since your statement at the Clinton town meeting advocating substantial deregulation of the trucking industry, especially as it relates to empty backhauls, the Executive Office regulatory reform group (OMB, CEA, and my staff) has been consulting with many groups. This will be difficult legislation to pass because of the political strength of regulated carriers and labor in Congress, but there is considerable support among consumer groups, shippers, and some portions of the trucking industry, such as small owner-operators. There has been a lot of public and press response to your statement, and the general expectation is that "something is going to happen."

I recommend that we continue to deal with this issue through an interagency task force, since many agencies have considerable expertise in the area (especially Agriculture and Justice, OMB and CEA, in addition to Transportation). Most of these agencies have indicated to us a strong interest in submitting reform legislation. We sent a memo this week to these agencies outlining options for reform. We plan to meet Monday to discuss the options, submit a decision memo to you, and then meet regularly to implement your decision.

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The options to be considered in that memo are:

(1) Submit comprehensive reform legislation. Since more work is needed on many issues to strengthen the case for major reform, and since our resources are currently focused on airline legislation, a comprehensive bill could not be ready until next year.

(2) Submit a partial interim reform measure, such as a bill to reform backhaul restrictions for small owner-operators. It is unlikely that such legislation will pass before a comprehensive bill could be developed, but a small bill would focus attention on the need for trucking reform, and would give impetus to Congressional hearings scheduled later this year.

(3) Introduce no legislation, and leave the major impetus within the ICC and Congress.

The House held hearings on the problems of small independent truckers last year. Backhaul legislation has been introduced in the House again this year, but action is unlikely without Administration impetus. Senator Kennedy will begin comprehensive trucking hearings this fall, and both Senate and House committees plan "exploratory" hearings at which the Administration may be called to testify. No major legislation is expected to be introduced.

I agree that we should move somewhat farther along on airline legislation before we send up trucking legislation. This is because 1) opponents of trucking reform will marshall their efforts to defeat the airline bill so that trucking reform becomes unlikely; and 2) we should continue to concentrate Congress' attention on the airline issue. However, because of the work that needs to be done, we must begin an active, interagency effort now to develop our position.

With respect to Secretary Adams' briefing memo, I would have concern with consolidating the regulatory agencies or placing them into the Department of Transportation. Such efforts would meet tremendous political resistance, and would further prevent us from achieving the more pressing goals of reducing their regulatory powers and increasing competition. Consolidation would make these huge agencies even more unmanageable; it should be considered only after we have made the necessary fundamental reforms. I think it would be inappropriate to move them into the Department of

Transportation; Congress made these agencies independent of political pressures because they perform quasi-judicial functions.

PARTICIPANTS

Secretary Adams
Jack Watson
Stu Eizenstat
Mary Schuman
Si Lazarus



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 8, 1977

11:00 AM
1977 JUN 8 PM 7 46

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

SUBJECT: Changes in the Transportation Regulatory System

I would like to discuss with you the changes in the transportation regulatory system. As you know, the Department of Transportation does not have economic regulatory authority over the transportation industry. Instead, that authority is in independent regulatory agencies answerable only to Congress for oversight proceedings. These are:

Aviation - CAB
Trucks and Rail - ICC
Maritime - FMC
Natural Gas Transportation - FPC

Your Administration is supporting legislation to reduce CAB control over the airline industry. This bill should be reported from the Senate this month. I have actively worked with the members of both the House and Senate Committees, as well as with Senator Kennedy's Senate Antitrust Committee to produce a bill that could move from committee. Stu Eizenstat and I have been in agreement that we should try to move in this area first because of the Congressional work and hearings that had been completed. It is still my recommendation that we try to complete this at the earliest possible date.

You have assigned responsibility to me for examining regulation of surface transportation. I have, therefore, met with the Chairman of the Interstate Commerce Commission, A. Daniel O'Neal, in an attempt to determine what can be done within the ICC itself, and what must be accomplished by legislation.

I have avoided discussing with your staff or recommending to you the most obvious solution, which would be to merge the CAB, ICC and FMC with the Department of Transportation assuming any regulatory powers. Those bodies would then become adjudicatory courts within the Department to determine rights between individual applicants for routes and rates. As part of this option, it would be possible to place all three in a single transportation intermodal court with divisions for each mode, but with an overall view of how one mode affects all others. In the course of this transfer, the regulatory system could be greatly reduced.

I believed then, and I believe now, that such a statement on my part would be interpreted as simply an attempt to expand the jurisdiction of the Department of Transportation. Therefore, any approach to this must be from a level other than the Secretary of Transportation.

The second alternative is to approach all the regulatory agencies in the same manner in which we approached the CAB. This was to reduce the powers of the agency to rigidly control rates and routes and streamline the procedures so that decisions were made more rapidly. The same technique could be applied to the ICC by legislation which would reduce the number of members to either 5 or 7, greatly strengthen the power of the Chairman to control the administration of the Commission, reduce the regulation of rates and routes and place time limits on decisions. I was involved with this approach in drafting the rail bills which limited the power of the ICC over railroads. To accomplish the same thing with regard to trucks will require substantial and detailed information.

The airline industry and the railroad industry have been very tightly regulated for many years on all routes and all commodities. Therefore, there was extensive knowledge about the industries because there were very few units in each industry, and the extensive regulation gave almost complete information about movement of traffic, interchange between units, and rates being charged. The trucking industry, however, has over 16,000 units. More than half of it is not under economic regulation (contract carriers, private carriers, exempt carriers). Even among those regulated, a great portion of their traffic is carried by independent owner-operators under trip leases, or carrying a backhaul of regulated freight after they have delivered an exempt commodity. We have conflicting data as to the status of the exempt hauler because one group wants more regulation, or the right to bargain collectively, or the right to establish rate cards, since they say they are being controlled by the jobbers or large shippers. The Department of Justice has now ruled they cannot maintain rate cards.

Another group of exempt haulers wants deregulation to allow them to carry regulated commerce on some basis other than the present rules which allow the hauler to carry regulated commodities back to the place of original departure through a trip lease.

The Department of Transportation has conducted many studies but no one has actually gone on the road, interviewed the unregulated truckers, or has any statistical information on the number of trucks involved, the amount of commodities carried, rates charged, or the percentage of empty backhaul. With the regulated truckers, the percentage of empty backhaul is quite small, since they balance loads, and we have records of their traffic.

I am prepared to be your lead representative on transportation regulation. I would suggest, at a minimum, that the Department of Agriculture, the Chairman of the Interstate Commerce Commission, and myself be involved as governmental agencies. The ICC does not have the resources to field check the assertions of the various proponents of different policies and we would have to all contribute resources to develop the necessary information. Another method for developing some information would be for the ICC to open an ex parte proceeding and allow parties to comment. The DOT and/or DOA could do the same.

I would like to know how you wish me to proceed. I have not attempted to discuss the specific problems of backhauls, exempt carriage, gateways, internal ICC delays, or the many improvements that could be made to the present system, but I am prepared to discuss these with you if you wish.

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
	<input checked="" type="checkbox"/>	MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 8, 1977

*done
J*

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

F-M

SUBJECT: RECOMMENDED TELEPHONE CALL TO CONGRESSMAN JACK MURPHY

The House Energy and Power Subcommittee will have the critical vote on deregulation tomorrow (Thursday, June 9). Two members who are leaning our way but not solid are Marty Russo and Jack Murphy. We must get both in order to have a 10-10 tie vote and a defeat of the Krueger amendment.

I recommend that you telephone Jack Murphy this afternoon. I believe this call could lock in his vote for us. His office number is 225-3371.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Frank Moore

The attached was returned in
the President's outbox and is
forwarded to you for your
information.

Rick Hutcheson

*Telephone Call
to Congressman Murphy*

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 9, 1977

To Jim
J

MEMORANDUM FOR THE PRESIDENT

FROM:

JIM FALLOWS *Ju*

SUBJECT:

Address to DNC in New York

On Thursday evening, June 23, you are scheduled to speak to a DNC fund-raising dinner in New York City. The schedule allows about 30 minutes for your remarks.

- 1) What kind of preparation would you like us to make?

I would recommend a short (15 minutes) prepared text, which you can embellish as you speak. If you don't want that, we can just prepare talking points. *ok*

- 2) What subjects would you like to cover?

I've asked Jody for advice and have not yet heard from him. Stu suggested a theme that sounds sensible to me: emphasizing the important work that a Democratic Congress and a Democratic Administration finally have a chance to do together. *ok*

Stu says that by the time of the speech we will have a substantial list of successful legislative projects to recite. We could also use the occasion to deliver whatever message you'd like to give the Congress about working together and getting moving.

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
X	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Jim Fallows

**The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.**

Rick Hutcheson

Re: Address to DNC in New York

THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT >
ENERGY POLICY AND PLANNING
WASHINGTON, D.C. 20500

done
C

June 7, 1977

MEMORANDUM FOR JAMES R. SCHLESINGER
FROM FRED HITZ FH
SUBJECT Conversation with Tim Wirth on
Natural Gas Pricing

Mr. Wirth called today to report that he is offering the following 5 amendments to the Krueger-Brown Gas Deregulation Bill on Thursday, June 8th:

Amendment # 1 - Access to Intrastate Gas. Mr. Wirth will move to give the \$1.75 new gas price to all gas dedicated for the first time to the Interstate market. (Krueger-Brown prohibits this.)

Amendment # 2 - Mr. Wirth will offer the Administration's incremental pricing language as an amendment to Krueger-Brown.

Amendment # 3 - Mr. Wirth will change the Krueger-Brown definition of new gas to eliminate extension wells. His definition will consist simply of "new reservoirs".

Amendment # 4 - Mr. Wirth will prohibit the use of natural gas as boiler fuel in new plants from the date of enactment.

Amendment # 5 - Mr. Wirth will confer jurisdiction to the FPC (DoE) over interstate sales of synthetic gas.

In addition, Tim has spoken to Congressman Madigan. According to Tim, Mr. Madigan's position is as follows: "I have supported deregulation before and will do so again but unenthusiastically, since I do not believe that one can achieve much greater supply response from prices higher than \$1.75."

cc: Al Alm
Les Goldman

225-2927

3:00- 3:15

225-1330

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
	<input checked="" type="checkbox"/>	EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
	<input checked="" type="checkbox"/>	MOORE	Carp/Huron within
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			next day

	FOR STAFFING
	FOR INFORMATION
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	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
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	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS	<input checked="" type="checkbox"/>	SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Stu Eizenstat
Frank Moore
Jack Watson
Jim Schlesinger

The attached was returned in
the President's outbox and is
forwarded to you for your
information.

Rick Hutcheson

Re: Conversation with Tim Wirth
on Natural Gas Pricing

THE WHITE HOUSE
WASHINGTON

June 9, 1977

Frank Moore -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Aircraft Purchase by Pakistan

cc: Z. Brzezinski

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
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	FOR INFORMATION
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	FIRST LADY		SCHNEIDERS
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	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

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DALE MILFORD
24TH, TEXAS

WASHINGTON OFFICE:
405 CANNON HOUSE OFFICE BUILDING
PHONE: (202) 225-3605

RICHARD H. WHITE
ADMINISTRATIVE ASSISTANT

DISTRICT OFFICE:
802 SOUTH CARRIER STREET
P.O. Box 1450
GRAND PRAIRIE, TEXAS 75051
PHONE: (214) 263-4526

DAVID E. BLAIS
DISTRICT MANAGER

THE PRESIDENT HAS SEEN.

Congress of the United States
House of Representatives
Washington, D.C. 20515

June 8, 1977

COMMITTEES:
SCIENCE AND TECHNOLOGY

SUBCOMMITTEES:
CHAIRMAN, TRANSPORTATION, AVIATION
AND WEATHER

DOMESTIC AND INTERNATIONAL
SCIENTIFIC PLANNING, ANALYSIS AND
COOPERATION

FOSSIL AND NUCLEAR ENERGY
RESEARCH, DEVELOPMENT AND
DEMONSTRATION

PUBLIC WORKS AND
TRANSPORTATION

SUBCOMMITTEES:

AVIATION
INVESTIGATION AND REVIEW
WATER RESOURCES

President Jimmy Carter
The White House
1600 Pennsylvania Avenue, N. W.
Washington, D. C. 20500

Dear Mr. President:

Last Friday your State Department announced that the offer of Pakistan to purchase 110 A-7E aircraft from the Vought Corporation had been turned down. My office learned of that decision from the first of many newspaper reporters who called for my comment.

This letter is not to quarrel with you about that decision. It was yours to make. This letter will, I hope, make you aware of the absurd way that announcement was made and of the vulnerable position that was created for both of us in the North Texas area.

Press reports first appeared on Thursday quoting "U. S. officials" and stating that the Pakistani sale would be turned down. My office talked with both the State Department and the White House Thursday morning.

At the State Department, Mr. Stephen Ledogar, special assistant to Under Secretary Lucy Benson, told us that he knew of nothing which had occurred to have caused a decision to be made. Mr. Ledogar said further that the formal paperwork for that decision had not been sent forward to you.

At the White House, Bill Cable reported that he had not found any indication that a decision had been made. He said that if he learned differently, he would call back. We did not hear back.

Based upon those calls, I put out a statement Thursday which said that both the State Department and the White House had assured me that no decision had been made. This statement

*Frank -
What happened?
Get Cy to explain it to
me - J*

President Jimmy Carter-2
June 8, 1977

was widely carried in the Dallas-Fort Worth area press.

The next day, at 4:30 p.m., my office heard from a wire service dispatch, that the decision had been announced by the State Department.

The handling of that announcement left me with no alternative but to tell the truth. It hurt very deeply to be put into the position of having to attack a President of my own party. The enclosed clipping from my hometown daily newspaper states more clearly than I can the ridiculous position we were both left in by this situation.

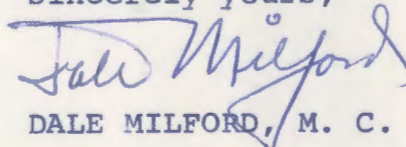
Others in the Texas delegation and I had repeatedly expressed our deep interest in this decision to people at high levels in your Administration and to you personally. At least once we received word back through Jim Wright that you would give us a chance to make our case to you personally before any adverse decision was made.

The 7,000 workers who will now lose their jobs reside in five Democratic Congressional Districts. This issue was particularly sensitive because of the plant's involvement with both the A-7 and the B-1. Further, it was in the High-bay area of this plant where Chip Carter addressed 11,000 workers and stated, "My father is going to reduce some unnecessary defense spending, but this plant will not be involved."

Not only did we never get the opportunity for consultation with you, we were not even given the common courtesy of advance notice so that we could have laid some groundwork for the bad news with our people back home.

Mr. President, this whole episode tells me that your pledge to consult with the Congress before making major decisions has somewhat of a hollow ring to it.

Sincerely yours,


DALE MILFORD, M. C.

DM:bg
Enclosure

Milford 'ineffective' on A-7, Berman says

Both President Carter and Congressman Dale Milford were criticized because of the decision to prohibit the sale of A-7 aircraft to Pakistan in a statement issued by Leo Berman, 1976 Republican candidate for the Congressional seat currently held by Milford.

"President Carter is playing a cruel 'cat and mouse' game with thousands of Vought Corporation employees who live from day to day in fear of losing their jobs tomorrow. The President's refusal to allow production and shipment of 110 A-7 attack bombers to Pakistan will economically depress the mid-cities area already suffering from thousands of layoffs at the Vought Corporation," Berman said.

"The Pakistanis will purchase their attack bombers from the Bri-

tish, French or even the Russians who will laugh at us all the way to the bank.

"This adds to my statements last year that Congressman Milford is one of the most ineffective members of the U.S. House of Representatives with no influence in his own party, the administration or with the President. They totally ignore him and the urgent needs of the 24th District," Berman continued.

Berman criticized Milford for taking a "Congressional junker" to the Paris air show when he "should be in Washington fighting for the A-7 program.

Berman concluded by saying that he will oppose Milford in the 1978 Congressional race and will publicly announce as a candidate in the fall.

Grand Prairie Daily News
Grand Prairie, Texas
June 6, 1977

THE WHITE HOUSE
WASHINGTON

June 9, 1977

EYES ONLY

Hamilton Jordan

The attached was returned in the
President's outbox and is forwarded
to you for your personal information.

Rick Hutcheson

Re: Comments from Senator Jackson

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

June 8, 1977

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CONFIDENTIAL
JC

MEMORANDUM FOR THE PRESIDENT

FROM: DAN TATE
THROUGH: FRANK MOORE
SUBJECT: Conversation with Senator Jackson

After the foreign policy session this morning, I walked with Senator Jackson to his car and talked with him for a half hour or so. Some of his comments may be of interest.

SALT -- Cy has no background in arms negotiations so he has to depend on Warnke who is not an honorable man and will get us into trouble. The President is too antsy for an agreement.

ENERGY -- I saved the DoE bill in Abe Ribicoff's committee. We are going to strengthen the President's energy plan in the Senate. We will make some substantial changes (he did not chose to elaborate.)

INTERIOR DEPARTMENT -- Secretary Andrus does not have control over the Department. There are too many people in key policy positions who do not know anything about the Department; twenty-five year olds are coming before Congressional Committees as the Department's experts on vital issues. Cecil does not have any of his own people over there so he often does not know what is going on. The #2 guy is in over his head.

WHITE HOUSE STAFF -- I believe that Hamilton Jordan is undercutting Jim Schlesinger (in previous conversations Jackson expressed the belief that Hamilton was trying to run the Interior Department by placing "his" people in key slots.)

SENATOR BYRD'S COMMENTS AT THE FOREIGN POLICY BRIEFING -- Byrd's remarks we representative of the prevailling sentiment in the Senate.

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12356, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE WHITE HOUSE
WASHINGTON

eyes only

ACTION
FYI

<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
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Comments due to
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<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
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<input type="checkbox"/>	KRAFT
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<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
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<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
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<input type="checkbox"/>	WELLS
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10 15 AM

THE PRESIDENT HAS SEEN.

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THE WHITE HOUSE
WASHINGTON

June 8, 1977

GREETING 1977 PRESIDENTIAL SCHOLARS

Thursday, June 9, 1977
10:15 A. M. (10 minutes)
The Rose Garden

FROM: MARGARET COSTANZA

I. PURPOSE

To Greet the 1977 Presidential Scholars and make brief remarks as part of the ceremony in which the Scholars will receive their Presidential Medallion.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: The Presidential Scholars Program, established by Executive Order in 1964, has annually honored some of our nation's most intellectually distinguished graduating high school seniors. The Scholars are selected by the Commission on Presidential Scholars, composed of eminent private citizens appointed by The President.

B. Participants: See Tab A

C. Press Plan: White House Press - Photo Opportunity

III. TALKING POINTS

To be provided separately by Jim Fallows.

IV. SCENARIO

Prior to your arrival, the program will have been in session 15 minutes. During this time, Margaret Costanza will have welcomed the group and Dr. W. Allen Wallis, Chairman of the Commission on Presidential Scholars, will have spoken.

At 10:15 A. M., you depart your office, proceed to The Rose Garden steps, greet and make remarks to the Scholars, then depart after turning the program over to Secretary Califano.

X

Participants:

The President

The Honorable Joseph A. Califano
Secretary of Health, Education & Welfare

The Honorable Mary Berry
Assistant Secretary for Education

The Honorable Ernest Boyer
U. S. Commissioner of Education

The Honorable Charles Whittley
Member of Congress

Dr. W. Allen Wallis,
Chairman of the Commission on Presidential Scholars

121 Presidential Scholars

300 Family Members

15 Scholar Advisors

25 Commissioners on Presidential Scholars

30 HEW Staff Members

Margaret Costanza
Assistant to The President
Office of Public Liaison

1015 AM

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THE WHITE HOUSE

WASHINGTON

June 8, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *Jw*
SUBJECT: Presidential Scholars

Rick Hertzberg has prepared these notes.

Background

1. The Presidential Scholars Programs was established by President Johnson in 1964. It was the brainchild of Eric F. Goldman, the Princeton University historian who was then serving as scholar-in-residence in the White House. Some 1700 students have been chosen over the 14 years of the programs.

2. The purpose of the program is to give national recognition to high achievement in scholastic attainments and also in leadership and extracurricular involvement. (Financial aid, except for the costs of the trip to Washington, is not included.)

3. One boy and one girl were chosen from each of the 50 states, D.C., Puerto Rico, and from Americans abroad, plus 15 selected at large.

Remarks

1. Perhaps the best tribute you could pay to these highly intelligent and involved young people would be to talk to them briefly on any substantive subject of public policy that happens to be on your mind.

2. They would also be delighted with any reminiscences you might have about your own high school days, particularly how you felt about taking tests -- at which the Presidential Scholars excel. (The initial selections for the program are based on achievement scores on the Scholastic Aptitude Test and the ACT Assessment of the American College Testing Service.) You might add that you never fully understood the meaning of the term "multiple choice" until you got to the White House and started making decisions. You always pick the right answer but sometimes Congress grades you wrong.

3. Additionally, you might consider these points:

-- These young people have grown up during a period of great turmoil. They were toddlers when President Kennedy was murdered, in the first grade at the time of the early escalations in Vietnam, and just entering high school at the time of the Watergate revelations. It was a period of great distrust between the generations and doubt about the future of our free institutions -- but it was also a time of growing awareness that we are all responsible for each other and for the direction our society takes. You might express the hope that their own experience -- including the four days they have spent in Washington -- will encourage them to participate in public life, whether as a career or as actively involved citizens.

-- Recognizing excellence is one of the ways our society can move toward a better future. The Presidential Scholars have a right to be proud of their achievements. Their great variety -- the only things they have in common are their age and their high level of accomplishment -- shows that individual excellence is possible no matter what a person's economic, social, ethnic, or geographical background may be.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

VIA LDX
NSC-3329

CONFIDENTIAL

June 9, 1977

MEMORANDUM FOR:

Mr. Peter Tarnoff
Executive Secretary
Department of State

SUBJECT: Request for Presidential Meeting
for Mrs. Thatcher (S/S 7714085)

With regard to Mrs. Thatcher's *Margaret* request to see the President during her September visit, please inform her that either the President or Vice President will see her, depending on scheduling opportunities.

Christine Dodson
Christine Dodson
Staff Secretary

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 13526

Authority *Agency Case 201104959; MR-11-072*

NARA *B* LP-JC Date *9/27/2012*

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

3329

CONFIDENTIAL

June 6, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*
SUBJECT: Meeting with Mrs. Thatcher

Following her meeting with you in London, Mrs. Thatcher's office gave the Embassy dates for her forthcoming visit to the U.S. and asked that she be informed as soon as possible of the day of her office call on you.

Mrs. Thatcher will be arriving in Washington on September 11 and will be available for meetings through September 16. You will remember that you indicated -- perhaps even promised -- to meet with Thatcher when she came to the U.S.

A new wrinkle, however, has developed since then. We have already indicated to Mitterand that you will not be able to meet with him. I have personally confirmed -- indirectly -- to one of his personal assistants that the Vice President will meet with him.

In light of the above and at the risk of offending Mrs. Thatcher, it seems to me that the principle should be established that opposition leaders will meet with the Vice President, not you.

RECOMMENDATION:

That we plead a heavy schedule on your part and inform Mrs. Thatcher that the Vice President will see her during her stay in Washington.

APPROVE _____ DISAPPROVE _____ OTHER _____

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E.O. 13526
Authority *Agency Case 201104959; MR-11-072*
NARA *BLP-JC* Date *9/27/2012*

CONFIDENTIAL

*Leave possibility open -
Tell them either VP or
I will see her
J*



S/S 7714085

3329

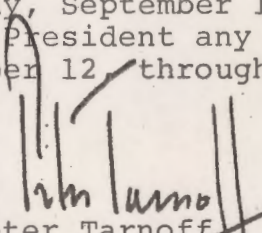
DEPARTMENT OF STATE

Washington, D.C. 20520

May 28, 1977

LIMITED OFFICIAL USEMEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSESubject: Call on the President by Mrs. Margaret
Thatcher, Leader of the Opposition, UK

Following her meeting with the President in London, Mrs. Thatcher's office has given the Embassy dates for her forthcoming visit to the US, and has asked that they be informed as soon as possible of the day (if not the time) of her office call on the President to enable her to plan the remainder of her US trip, which will involve stops outside Washington. She plans to arrive Sunday, September 11, and would be available to call on the President any day the week beginning Monday, September 12, through Friday, September 16.


Peter Tarnoff
Executive SecretaryLIMITED OFFICIAL USE

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Authority Agency Case 201104459; MR-11-072

NARA BLP-JC Date 9/27/2012